

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** PCB APC 13-01 Funding from the National Mortgage Settlement

**SPONSOR(S):** Appropriations Committee, Hooper

**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Appropriations Committee	25 Y, 0 N	Proctor	Leznoff

### SUMMARY ANALYSIS

This bill provides appropriations related to the National Mortgage Settlement. Specifically, the bill:

- Provides funding for the Florida Housing Finance Corporation (FHFC) for Down Payment Assistance for certain teachers, veterans, active military personnel, rural health practitioners, assistant state attorneys, assistant public defenders, and assistant regional conflict counselors.
- Provides funding for the Florida Prepaid Tuition Scholarship Program to purchase two-year dormitory residence advance payment contracts for the certain eligible students.
- Increases funding for the state courts system for technology solutions that expedite foreclosure cases through the judicial process.
- Increases funding for the state courts system for supplemental resources to reduce the backlog of pending foreclosure cases.
- Increases funding for the clerks of the court to assist and support the courts in expediting the processing of backlogged foreclosure cases.
- Provides funding for the Office of the Attorney General to contract with regional legal service providers to provide legal aid services.
- Provides funding for the Department of Children and Families for capital improvement grants to domestic violence centers.
- Provides funding for Habitat for Humanity of Florida for the acquisition and rehabilitation of existing housing stock, or reconstruction of housing stock in blighted areas.
- Provides funding for the State Apartment Incentive Loan program, making reduced rent units available for elderly and extremely-low-income tenants.
- Provides funding for the Office of the Attorney General to establish, coordinate, and promote awareness of housing program opportunities and consumer assistance.

The bill will take effect upon the deposit of \$200,080,474 into the General Revenue Fund from the escrow account created as a result of the consent judgment entered into by the Attorney General on April 4, 2012 in the case of *United States of America, et al v. Bank of America Corp., et al.*, No. 12-0361-RMC, in the United States District Court for the District of Columbia.

The bill will have a \$200 million non-recurring fiscal impact on the General Revenue Fund. However, given the effective date contingency of the \$200 million deposit into the General Revenue Fund, the net effect is zero.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

##### **National Mortgage Settlement**

The Attorney General entered into a joint-federal-state agreement with the nation's five largest mortgage servicers over foreclosure abuses and unacceptable nationwide mortgage servicing practices. The agreement provides an estimated \$8.4 billion in relief to Florida to address the mortgage foreclosure crisis by providing services to troubled borrowers with loan modifications, borrowers whose loans are underwater, borrowers who have already lost their homes in foreclosures proceeding and for homeowners to avoid preventable foreclosures, to ameliorate the effects of the foreclosure crisis, to enhance law enforcement efforts to prevent and prosecute financial fraud, or unfair or deceptive acts or practices and to compensate the States for costs resulting from the alleged unlawful conduct of the foreclosures.

Florida received a payment of approximately \$334 million. Pursuant to the settlement agreement, each State Attorney General shall designate the uses of the funds. "To the extent practicable, such funds shall be used for the purposes intended to avoid preventable foreclosures, to ameliorate the effects of the foreclosure crisis, to enhance law enforcement efforts to prevent and prosecute financial fraud, or unfair or deceptive acts or practices and to compensate the States for costs resulting from the alleged unlawful conduct of the Defendants. Such permissible purposes for allocation of the funds include, but are not limited to, supplementing the amounts paid to state homeowners under the Borrower Payment Fund, funding for housing counselors, state and local foreclosure assistance hotlines, state and local foreclosure mediation programs, legal assistance, housing remediation and anti-blight projects, funding for training and staffing of financial fraud or consumer protections enforcement efforts and civil penalties."

The Attorney General transferred \$74 million to the state's General Revenue Fund in two installments of \$34 million and \$40 million, and requested the distribution of \$60 million (requested by the responsible agency and approved by the Legislative Budget Commission) as provided below:

- \$5 million to contract with legal aid entities within the seven regions of Florida's Regional Legal Services Delivery System to provide legal aid services.
- \$35 million to the FHFC for down payment assistance.
- \$10 million to the FHFC for housing counseling.
- \$5 million to the State Courts System to help with foreclosure related issues.
- \$5 million to reimburse the Office of the Attorney General for legal fees.

##### **Present Situation**

##### **Down Payment Assistance Programs**

In an effort to assist low- to moderate-income individuals achieve homeownership, the First Time Homebuyer (FTHB) program administered by the Florida Housing Finance Corporation (FHFC)<sup>1</sup> offers borrowers an assortment of down payment assistance options. The assistance comes in the form of a grant, or a 0% interest or low, fixed-rate second mortgage. Only one Florida Housing down payment

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<sup>1</sup> The Florida Housing Finance Corporation (FHFC) is a public corporation within the Department of Economic Opportunity (DEO). However, the FHFC is a separate budget entity and is not subject to the control, supervision, or direction of DEO.

Section 420.504, Florida Statutes.

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program can be used by the borrower and only in conjunction with the FTHB program first mortgage products. Two of FHFC's Down Payment Assistance programs are:

- Homeownership Assistance Program (HAP) - Up to \$7,500 is available through the HAP to assist first time homebuyers with down payment and closing costs. HAP loans are 0% interest, non-amortizing second mortgage loans, which means the homebuyer does not make any monthly payments. Instead, the loan is repaid if the homebuyer sells the home, transfers ownership, satisfies or refinances the first mortgage, or ceases to occupy the home. This program targets applicants whose incomes are at or below 100% of the area median income (AMI), adjusted for family size.
- Homeownership Assistance for Moderate Income (HAMI) - Up to \$5,000 is available to assist first time homebuyers with down payment and closing costs through the HAMI program. This program enables borrowers with moderate incomes to receive down payment and closing cost assistance. Unlike the HAP, HAMI is an amortized loan that is offered at a low, fixed interest rate with level monthly payments for a 10-year term. First time homebuyers may be eligible for this loan if their incomes exceed the limits of the HAP, but do not exceed the maximum annual income limits for the FTHB program.

In January 2013, the Legislative Budget Commission approved \$35 million from the National Mortgage Settlement funds to the FHFC to assist homebuyers by reducing the first mortgage interest rate of FTHB loans and/or by making accompanying down payment assistance loans to eligible homebuyers.

### Rural Health Practitioners

Section 381.0406, Florida Statutes, defines "rural" as an area with a population density of less than 100 individuals per square mile or an area defined by the most recent U.S. census as rural. Of Florida's 67 counties, 30 counties or 45 percent have been identified as rural based on the definition.<sup>2</sup>

Mortality rates are a common measure of health outcomes and rural health disparities exist in the U.S. and in Florida. There are disproportionately high mortality rates relative to urban areas for selected diseases and for particular population groups.<sup>3</sup> Access to care is a key factor in rural health disparities. The shortage of health care practitioners in rural areas has been recognized in various studies as limiting access to care. Health professional shortages are not limited to physicians. The number of non-physicians providers such as nurses, dentists and mental health professionals are also limited.<sup>4</sup> Approximately 80 percent of the rural U.S. is in a full or partial primary care health professional shortage area (HPSA), 60 percent are in dental care HPSAs and 87 percent are in mental health care HPSAs.<sup>5</sup> In Florida, 13 out of the 30 counties defined as "rural" are full county HPSAs and the remaining counties are HPSAs for low income populations.<sup>6</sup> The ability to attract and retain qualified health practitioners is critical to addressing the problems associated with limited access to care for those residing in rural areas.

### School Grades and Personnel Evaluations

School grades are calculated annually and are based upon student achievement and learning gains on statewide, standardized assessments as well as improvement of the lowest 25th percentile of students in the school in reading and mathematics. Middle school grades also consider student performance and participation in high school level courses. High school grades are more complicated. At least 50

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<sup>2</sup> Florida Office of Rural Health. (2012) *List of Rural Counties – 2000 and 2010 US Census*.

[http://www.doh.state.fl.us/workforce/ruralhealth/PDFs/RURAL\\_COUNTIES\\_2000-2010.pdf](http://www.doh.state.fl.us/workforce/ruralhealth/PDFs/RURAL_COUNTIES_2000-2010.pdf). Retrieved March 12, 2013.

<sup>3</sup> Florida Office of Rural Health. (2008) *Current Rural Health Issue in Florida*.

<http://www.doh.state.fl.us/workforce/ruralhealth/ruralhlthissues.htm>. Retrieved March 12, 2013.

<sup>4</sup> Crosby et al (eds). (2012) *Rural Populations and Health: Determinants, Disparities, and Solutions*. San Francisco, CA: Jossey-Bass.

<sup>5</sup> RUPRI. (2006). *Demographic and economic profile: Nonmetropolitan America*. Columbia, SC: Author.

<sup>6</sup> Florida Rural Health Association. (2013) *2013 Legislative Priority Talking Points*. <http://floridaruralhealth.org/gearing-up-for-the-2013-session/>. Retrieved March 12, 2013.

percent of a high school's grade is based upon student achievement and learning gains as well as improvement in the lowest 25th percentile of students; the remainder of the grade is based upon, for example, the high school's graduation rate, including the rate for at-risk students; postsecondary readiness as measured by various assessments; and, performance and participation in, for example, Advanced Placement, International Baccalaureate, and dual enrollment courses.<sup>7</sup>

School grades range from "A" through "F" and the state, through its School Recognition program, provides financial awards to schools receiving and "A" or schools that improve one or more letter grades.<sup>8</sup>

The law provides for school accountability, and instructional personnel and school administrators are held accountable as well through each district's personnel evaluation system. Teacher evaluations must occur at least once a year. At least 50 percent of a teacher's evaluation must be based upon student learning gains, with certain exceptions, and the remainder of the evaluation is based upon instructional practice. In 2011, the state adopted a uniform, statewide system of evaluation that results in teachers being rated as highly effective, effective, needs improvement or developing, and unsatisfactory.<sup>9</sup>

### State Attorney and Public Defender Offices

The State Attorney offices and the Public Defender offices throughout the state have experienced turnover rates of approximately 15% in the last few years.<sup>10</sup> Over half of all Assistant State Attorneys and Assistant Public Defenders have less than five years of experience.<sup>11</sup> The State Attorney offices, the Public Defender offices, and the Regional Conflict Counsel offices invest substantial resources and years of training to ensure new attorneys have the skills and experience necessary to handle cases and workloads associated with their positions. These attorneys also average \$80,000 to \$100,000 of debt in student loans with starting salaries between \$40,000 and \$50,000.<sup>12</sup> The ability to attract and retain qualified attorneys in a field with substantial turnover, and costly training cycles, is critical to ensure fair and timely representation for those utilizing the judicial system in this state.

### Effect of Proposed Changes

The bill provides funding in the amount of \$45 million for FHFC to implement a program providing down payment assistance for a permanent residence to the following eligible applicants:

- A teacher assigned to teach in a public elementary, middle, or high school that is designated a "D" or "F" school as defined in s.1008.34, Florida Statutes, and who has been designated as an effective or highly effective teacher as provided in s.1012.34, Florida Statutes;
- An assistant state attorney, assistant public defender, or assistant regional conflict counsel;
- A veteran as defined in s. 1.01(14), Florida Statutes;
- A uniformed service member on active duty as defined in s. 250.01(1), Florida Statutes; and,
- A licensed physician, registered nurse, nurse practitioner, physician assistant, dentist, paramedic, emergency medical technician, pharmacist, psychologist, or clinical social worker, working in a rural area as defined in s. 381.0406, Florida Statute.

The program assistance comes in the form of a \$10,000 grant, what could also be described as a 0% interest forgivable loan, to assist with down payment and closing costs. The homebuyer will be required to certify annually that they continue to meet the eligibility requirements for the down payment

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<sup>7</sup> Section 1008.34, Florida Statutes

<sup>8</sup> Section 1008.36, Florida Statutes

<sup>9</sup> Section 1012.34(2), Florida Statutes and Chapter 2011-1, Laws of Florida

<sup>10</sup> (2013) *SA Budget and Staffing Presentation*, Florida Association of State Attorneys, on file with Appropriations Committee staff.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

assistance for four years. The loan will be forgiven on a prorated basis, with one quarter forgiven at the end of each year following closing. Should a homebuyer no longer meet the eligibility requirements for the down payment prior to the end of the four year period, they will be required to repay the remaining loan balance. Exceptions are made for teachers transferring between certain schools, and active duty military given official relocation orders.

Any repaid loans will be collected by FHFC and deposited in the State Housing Trust Fund within the Department of Economic Opportunity.

The bill provides \$3 million to the FHFC for administrative expenses associated with establishing, coordinating, monitoring compliance and providing down payment assistance.

### **Present Situation**

#### **Florida Prepaid Tuition Scholarship Program.**

The Florida Prepaid Tuition Scholarship Program, also known as the Stanley Tate Project STARS Scholarship Program, is administered by the Florida Prepaid Foundation. Currently the State of Florida provides an appropriation each year to match donor pledges to purchase prepaid tuition scholarships. Section 1009.984, Florida Statutes, authorizes the Florida Prepaid Foundation to purchase prepaid tuition scholarships for students certified by the Department of Education who meet minimum economic and school requirements and remain drug free and crime free. Most Project STARS scholarship purchases are for tuition only. Donors may purchase scholarships that include a 2-year dormitory component; however, only 56 dormitory contracts have been purchased to date for STARS scholarship recipients.<sup>13</sup>

Donors purchasing advance payment contracts for Project STARS Scholarships include school districts and their foundations, Florida College System institutions and their foundations, Boys and Girls Clubs, and non-profit organizations such as Take Stock in Children (TSIC).<sup>14</sup> The largest private donor is TSIC, which accounts for nearly 85% of Project STARS donations. Donors such as TSIC, provide mentoring throughout the student's K-12 and college education.

The advance payment contract cost to add a 2-year dormitory component for students in the 11th grade is \$11,745.22. Adjusted for inflation, the cost to add a 2-year dormitory component for 10th graders is \$12,123.03.<sup>15</sup> Project STARS scholarships have already been purchased for 507 students in 10th grade and 910 students in 11th grade. To cover the full number of contracts purchased for these students, the total cost would be \$16,834,526.

### **Effect of Proposed Changes**

The bill provides additional funding in the amount of \$15 million that will allow the Florida Prepaid Foundation to add a 2-year dormitory component to advance payment contracts which have already been purchased for students in 10th and 11th grades during Academic Year 2012-2013. The appropriation would not be subject to the matching requirements set forth in s. 1009.984(2), Florida Statutes.

### **Present Situation**

#### **Foreclosure Crisis Impact on the Judicial Branch**

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<sup>13</sup> Florida Prepaid. (2011) *2011 Foundation Annual Report*. <http://www.myfloridaprepaid.com/foundation/about-annual-reports.aspx>. Retrieved March 12, 2013.

<sup>14</sup> Florida Prepaid. (2011) *2011 Foundation Annual Report*. <http://www.myfloridaprepaid.com/foundation/about-annual-reports.aspx>. Retrieved March 12, 2013.

<sup>15</sup> Florida Prepaid. (2012) *2012-2013 Plan Prices & Master Covenant*. <http://www.itppv.com/documents/pdf/prepaid/prepaid-master-covenant.pdf>. Retrieved March 12, 2013.

The foreclosure crisis has greatly impacted the economy of the state of Florida. It has also negatively affected the judicial branch, in terms of both funding and caseload. Florida has the largest share of foreclosure inventory of any state in the nation, with 305,766 properties in some stage of foreclosure or bank-owned as of the end of 2012.<sup>16</sup> Seven of the top 10 highest foreclosure markets in the nation are in Florida, with Palm Bay-Melbourne-Titusville having the highest rate of foreclosure of any metro area in the nation.<sup>17</sup>

The state court system is struggling with a backlog of foreclosure cases. In 2005, before the housing market crash, there were only 57,106 foreclosure filings statewide. By 2009, the number of filings dramatically increased to 399,118. The courts did not have the resources to quickly and efficiently deal with this high volume of cases. Due to constitutional and statutory requirements to provide speedy trials to criminal defendants, civil filings take the brunt of any caseload backlog.<sup>18</sup>

Furthermore, the caseload backlog is not spread evenly across the state. While the statewide average is 11.02% of residential loans in foreclosure, certain areas, particularly those located in South Florida, have a much greater percentage of loans in foreclosure than other circuits. For instance, Miami-Dade has 15.56% of loans in foreclosure compared to only 5.26% in Sumter County.

The 2012 legislature appropriated \$4 million to the State Courts System and \$2 million to the Clerks of the Court in an effort to reduce the number of backlogged foreclosure cases in the system. In January 2013, the Legislative Budget Commission approved \$4,993,500 from the National Mortgage Settlement funds to the State Court System for staffing assistance and technology upgrades to assist in the foreclosure backlog.

As of December 2012, the number of pending foreclosure cases in the trial courts was 371,119. The courts have estimated that approximately 680,000 additional foreclosure cases will be filed between FY 2012-13 and FY 2015-16.<sup>19</sup>

### **Effect of Proposed Changes**

The bill increases funding to the State Courts System for staffing assistance (\$13 million) and technological upgrades (\$5.3 million) to assist in the foreclosure backlog. The funds provided for staffing assistance will provide additional senior judge days and temporary case management staff in the trial courts. The funds provided for technology upgrades will improve the flow of foreclosure cases through the judicial process. It will enable judges and staff to use electronic documents when disposing of foreclosure cases, produce orders electronically, provide for electronic calendaring, serve orders through an electronic process, and generate case management reports.

The bill also increases funding to the Clerks of the Court (\$6.7 million) to enhance levels of service to assist and support the courts in expediting the foreclosure backlog process. This would include assigning additional personnel, implementation of electronic filing, and upgrading individual office case maintenance systems to better determine the backlog status of cases, expedite the process, track the results, report the disposition of the backlog cases and otherwise improve the process.

### **Present Situation**

Legal aid services provide low-income Floridians pro-bono legal help and assistance for issues ranging from Adoption, Child Custody, Dissolution of Marriage, AIDS/HIV, Domestic Violence, Elder Law, Housing, Individual Rights, Termination of Parental Rights, Public Benefits, Employment, Real Estate, Wills, Federal Civil, Bankruptcy, Immigration and Criminal Matters. There are numerous independent legal aid providers throughout the seven regions of the state.

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<sup>16</sup> RealtyTrac, 4th quarter data, presented to the Civil Justice Subcommittee by the Legislature's Office of Demographics and Research on January 24, 2013.

<sup>17</sup> Id.

<sup>18</sup> Florida Office of the State Courts Administrator, *Summary Reporting System (SRS)*, August 19, 2011.

<sup>19</sup> (2013) *Foreclosure Backlog Reduction Initiative*, Office of State Courts Administrator, on file with Appropriations Committee staff.

## **Effect of Proposed Changes**

The bill provides \$5 million for the Office of the Attorney General Department of Legal Affairs to contract only with regional legal service providers that will directly provide legal aid services.

## **Present Situation**

The Department of Children and Families (DCF) and the Florida Coalition Against Domestic Violence (FCADV) are responsible for the statewide domestic violence program,<sup>20</sup> with services being provided through certified, community-based domestic violence shelters. Minimum services that must be provided by a shelter include:

- Temporary emergency shelter for more than 24 hours;
- Information and referrals and safety planning;
- Counseling and case management;
- A 24 hour emergency hotline;
- Educational services for community awareness;
- Assessment and appropriate referral of resident children; and,
- Training for law enforcement and other professionals.<sup>21</sup>

The 2000 Florida Legislature established the certified domestic violence center capital improvement grant program.<sup>22</sup> Subject to an appropriation, domestic violence centers may apply to DCF for a capital improvement grant to construct, acquire, repair, improve, or upgrade systems, facilities, or equipment. DCF and FCADV are instructed to develop a needs assessment as an instrument to evaluate the domestic violence centers' capital improvement needs. The assessment also serves as a mechanism to rank the needs of those centers requesting a capital improvement grant. The 2012-13 Capital Needs Assessment Survey indicated that 38 of the total 42 centers require expansions, renovations, and repairs.<sup>23</sup> In fiscal years 2001-02 through 2008-09, a total of \$22 million in state funds was provided to 42 domestic violence shelters through the capital improvement grant program.

## **Effect of Proposed Changes**

The bill provides \$20 million to the Department of Children and Families for capital improvement grants to certified domestic violence centers to increase bed space and expand the capacity of emergency shelter services.

## **Present Situation**

Habitat for Humanity (Habitat) is an international, non-governmental, and non-profit organization, which was founded in 1976. Habitat has been devoted to building "simple, decent, and affordable" housing, and has addressed the issues of poverty housing all over the world.<sup>24</sup>

Community-level Habitat offices act in partnership with and on behalf of Habitat for Humanity International. In the United States, these local offices are called Habitat affiliates. Each affiliate office is an independently run, nonprofit organization and coordinates all aspects of Habitat home building in

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<sup>20</sup> Sections 39.903 and 39.9035, Florida Statutes.

<sup>21</sup> Section 39.905(1)(c), Florida Statutes.

<sup>22</sup> Section 39.9055(2), Florida Statutes.

<sup>23</sup> (2012) *2012-13 Capital Needs Assessment Survey*. Florida Coalition Against Domestic Violence, on file with Appropriations Committee staff.

<sup>24</sup> Habitat for Humanity International. "Habitat for Humanity fact sheet". <http://www.habitat.org/how/factsheet.aspx>.

Retrieved March 13, 2013.

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their local area, including fundraising, building site selection, partner family selection and support, house construction, and mortgage servicing. Homes are built using volunteer labor and are sold at no profit.

In Florida there are 58 Habitat affiliates that undertake activities ranging from new home construction, critical home repairs, housing rehabilitation, and neighborhood revitalization. These affiliates have a centralized state support organization called Habitat for Humanity Florida (HFH FL) that provides programs and services designed and developed to meet the needs of Florida's affiliates to help them better accomplish their common goals.

### **Effect of Proposed Changes**

The bill provides funding for the Department of Economic Opportunity (DEO) to grant \$35 million to HFH FL for the acquisition and rehabilitation of existing housing stock, and reconstruct existing stock in blighted areas, to provide affordable housing to low-income residents. HFH FL will be required to form a volunteer committee of at least 6 staff from any of the Florida Habitat affiliates, and establish a request for proposal process in order to evaluate acquisition, rehabilitation, and reconstruction projects submitted from the Florida Habitat affiliates.

Funding for the projects will be on a cost reimbursement basis and no single Florida Habitat affiliate may receive more than 10 percent of the funds provided unless waived under specific circumstances.

HFH FL will be required to submit quarterly progress reports to DEO on their activities, as well as an annual financial audit on the usage of funds. HFH FL will have two years to encumber funds, and any funds not spent shall be repaid to the Department of Financial Services for deposit in the State Housing Trust Fund within the Department of Economic Opportunity.

### **Present Situation**

#### **State Apartment Incentive Loan (SAIL) Program**

The SAIL program, created in s. 420.5087, Florida Statutes, authorizes the FHFC to underwrite or make loans or loan guarantees to provide affordable housing to very-low-income persons if:

- The project sponsor uses tax-exempt financing for the first mortgage and at least 20 percent of the units are set aside for persons or families who meet the income eligibility requirements of s. 8 of the United States Housing Act of 1937, as amended;
- The project sponsor uses taxable financing for the first mortgage and at least 20 percent of the units are set aside for persons or families who have incomes below 50 percent of the state or local median income, whichever is higher, adjusted to family size; or
- The project sponsor uses federal low-income housing tax credits and the project meets the tenant eligibility requirements of s. 42 of the Internal Revenue code.<sup>25</sup>

According to the FHFC, SAIL funds "serve to bridge the gap between the development's primary financing and the total cost of the development. SAIL dollars are available to individuals, public entities, not-for-profit or for-profit organizations that propose the construction or substantial rehabilitation of multifamily units affordable to very low income individuals and families."<sup>26</sup> Under current law, SAIL funds must be reserved for the following tenant groups: commercial fishers and farm workers, families, the elderly, and the homeless.<sup>27</sup> Projects that maintain at least 80 percent of their units for commercial

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<sup>25</sup> Section 420.5087(2)(a)-(c), Florida Statutes.

<sup>26</sup> The Florida Housing Finance Corporation.

[http://apps.floridahousing.org/StandAlone/FHFC\\_ECM/ContentPage.aspx?PAGE=0173](http://apps.floridahousing.org/StandAlone/FHFC_ECM/ContentPage.aspx?PAGE=0173). Retrieved March 12, 2013.

<sup>27</sup> Section 420.5087(3)(a)-(d), Florida Statutes.

fishing workers, farm workers, and the homeless, are eligible to receive loans with interest rates from 0 to 3 percent. All other projects are eligible for loans with interest rates from 1 to 9 percent.<sup>28</sup>

### **Effect of Proposed Changes**

The bill provides funding to the FHFC to provide reduced rents on new or existing units through the State Apartment Incentive Loan program, specifically reserving funds to serve the elderly (\$25 million) and extremely-low-income tenants (\$25 million).

The bill further provides \$2 million to the Attorney General for coordinating and promoting a marketing campaign to increase awareness of housing assistance opportunities outlined in this act.

Finally, the bill provides that appropriations made in the act are available for two fiscal years, notwithstanding statutory language that generally makes appropriations available for one fiscal year.

The bill will take effect upon the deposit of \$200,080,474 into the General Revenue Fund from the escrow account created as a result of the consent judgment entered into by the Attorney General on April 4, 2012 in the case of *United States of America, et al v. Bank of America Corp., et al.*, No. 12-0361-RMC, in the United States District Court for the District of Columbia.

#### **B. SECTION DIRECTORY:**

- Section 1:** Provides \$45,000,000 from the General Revenue Fund to the Florida Housing Finance Corporation for housing Down Payment Assistance.
- Section 2:** Provides \$3,000,000 from the General Revenue Fund to the Florida Housing Finance Corporation for the administration of section 1 of the bill.
- Section 3:** Provides \$15,000,000 from the General Revenue Fund to the Florida Prepaid Tuition Scholarship Program to purchase two-year dormitory residence advance payment contracts.
- Section 4:** Provides \$5,300,000 from the General Revenue Fund to the state courts system for technology solutions that expedite foreclosure cases through the judicial process.
- Section 5:** Provides \$13,000,000 from the General Revenue Fund to the state courts system for supplemental resources to reduce the backlog of pending foreclosure cases.
- Section 6:** Provides \$6,700,000 from the General Revenue Fund to the clerks of the court to assist and support the courts in expediting the processing of backlogged foreclosure cases.
- Section 7:** Provides \$20,000,000 from the General Revenue Fund to the Department of Children and Families for capital improvement grants to domestic violence centers.
- Section 8:** Provides \$35,000,000 from the General Revenue Fund to the Department of Economic Opportunity for the acquisition and rehabilitation of existing housing stock.
- Section 9:** Provides \$50,000,000 from the General Revenue Fund to the Florida Housing Finance Corporation to reduce rents through the State Apartment Incentive Loan program for elderly and extremely-low-income tenants.
- Section 10:** Provides \$5,000,000 from the General Revenue Fund to the Office of the Attorney General to contract with regional legal service providers to provide legal aid services.
- Section 11:** Provides \$2,000,000 from the General Revenue Fund to the Office of the Attorney General to establish, coordinate, and promote awareness of housing program opportunities and consumer assistance.
- Section 12:** Provides authority for expenditure of certain funds through fiscal year 2014-2015, and reversion of certain funds at September 30, 2015.

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<sup>28</sup> Section 420.5087(6)(a), Florida Statutes, *referencing* s. 420.507(22)(a)1. and 3., Florida Statutes.

**Section 13:** Provides for an effective date of upon the deposit of \$200,080,474 into the General Revenue Fund from the escrow account created as a result of the consent judgment entered into by the Attorney General on April 4, 2012 in the case of *United States of America, et al v. Bank of America Corp., et al.*, No. 12-0361-RMC, in the United States District Court for the District of Columbia.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Indeterminate. Documentary Stamp Tax collections may see an increase as homes are rehabilitated and sold, and as foreclosed properties move through the legal process quicker for resale.

2. Expenditures:

The bill appropriates \$200 million on a non-recurring basis from the General Revenue Fund. These funds were part of the National Mortgage Settlement entered into by the Attorney General in April 2012.

<u>Issue</u>	<u>Amount (in Millions)</u>
Down Payment Assistance	\$45.0
Florida Housing Finance Corporation Administrative Expenses	\$3.0
Florida Prepaid Tuition Dormitory Residence Contracts	\$15.0
State Court System Technology Solutions	\$5.3
State Court Systems Supplemental Resources	\$13.0
Clerks of the Court Enhanced Level of Service	\$6.7
Legal Aid Services	\$5.0
Department of Children and Families Domestic Violence Centers	\$20.0
Habitat for Humanity of Florida	\$35.0
Florida Housing Finance Corporation State Apartment Incentive Loan program (SAIL)	\$50.0
Promotional Campaign	\$2.0

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Indeterminate. There may be an increase in property taxes collected as homes are purchased or rehabilitated for use as primary residences.

2. Expenditures:

None

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The HFH FL, developers, and any recipient of down payment assistance will be positively impacted.

Funding provided for HFH FL and the SAIL program will provide additional affordable housing for the elderly and extremely-low-income residents of the state.

D. FISCAL COMMENTS:

None

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not require a reduction of the percentage of state tax shared with municipalities or counties.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**